

24 May 2021

Willie Botha — Technical Director
International Auditing and Assurance Standards Board
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017

Dear Mr. Botha,

IAASB Exposure Draft – Conforming and Consequential Amendments to the IAASB’s Other Standards as a Result of the New and Revised Quality Management Standards

Deloitte Touche Tohmatsu Limited (“DTTL”) is pleased to have the opportunity to provide comments on the exposure draft, *Conforming and Consequential Amendments to the IAASB’s Other Standards as a Result of the New and Revised Quality Management Standards* (“exposure draft”), issued by the International Auditing and Assurance Standards Board (“IAASB”).

DTTL appreciates the approach the IAASB has undertaken to identify and propose changes to the IAASB’s Other Standards (i.e., International Standards on Review Engagements (“ISRE”), International Standards on Assurance Engagements (“ISAE”), and International Standards on Related Services (“ISRS”)) and the International Framework of Assurance Engagements (“Framework”) to address inconsistencies with the new and revised Quality Management (“QM”) standards. We are highly supportive of the narrow scope of the project (limited to updating titles of standards, updating references to the QM standards, and aligning terminology) as it enables the Other Standards and the Framework to be updated in a timely fashion by focusing on changes which will enable the QM standards to be applied without confusion across the full suite of IAASB standards, which is clearly in the public interest.

Specific Request for Comments:

We believe the proposed confirming and consequential amendments in the exposure draft are sufficient to resolve actual or perceived inconsistencies between the new/revised QM standards and the Other Standards and Framework. We are also supportive of changes included to emphasize responsibilities of the engagement partner and engagement team regarding quality management. We agree that the effective date of the conforming and consequential amendments should be the same as those in ISQM 2 (i.e., for periods or engagements beginning on or after December 15, 2022), as we do not believe that the amendments proposed in the exposure draft require additional implementation time beyond the QM standards.

Suggested Editorial Changes:

For consistency of the amendments within the exposure draft, we recommend making the editorial changes noted below. Additions are noted in bold underline and deletions are noted in strikethrough.

In addition, we noted that there were a few instances where the “Proposed Change” column of the ED did not appropriately reflect the intended change (i.e., some words were not shown as “underlined” to reflect that they were additions to the language in extant, or some words were missing the “strikethrough” format when they are meant to be deleted). We acknowledge that a full editorial review will be performed on the final document and will address these inconsistencies.

[ISRE 2400](#)

24. The engagement partner shall have competence in assurance skills and techniques and in financial reporting, and capabilities, including being given sufficient time **to perform the engagement**, appropriate to the engagement circumstances.

25. The engagement partner shall take overall responsibility for:

- (a) Managing and achieving quality on each review engagement to which that partner is assigned and ~~being~~ sufficiently and appropriately involved throughout the engagement;

...

(d) The engagement being performed in accordance with the firm's policies or procedures, including:

- (iii) Being satisfied that the engagement team collectively has the appropriate competence and capabilities, including ~~being given sufficient time, as well as~~ assurance skills and techniques and expertise in financial reporting, as well as being given sufficient time to:

ISAE 3000

33. The engagement partner shall take overall responsibility for managing and achieving quality on the engagement and ~~being~~ sufficiently and appropriately involved throughout the engagement. This includes responsibility for: ...

A64. ~~An effective~~ firm's system of quality management includes establishing a monitoring and remediation process designed to:

- (a) Provide the firm with relevant, reliable and timely information about the design, implementation and operation of the system of quality management.

A125. Ordinarily, the engagement team may depend on the firm's system of quality management (see paragraph A65). The extent of dependence will vary with the circumstances, and may affect the nature, timing and extent of the practitioner's procedures with respect to such matters as:

...

- Adherence to regulatory and legal requirement, through the firm's monitoring and remediation process.

ISRS 4400

19. The engagement partner shall take responsibility for:

- (a) Managing and achieving quality on the agreed-upon procedures engagement ~~and being sufficiently and appropriately involved throughout the engagement~~ including, if applicable, work performed by a practitioner's expert, and be sufficiently and appropriately involved throughout the engagement; and

A7. Ordinarily, the engagement team may depend on the firm's system of quality management unless:

... For example, the engagement team may depend on the firm's system of quality management in relation to:

- Maintenance of client relationships through the firm's policies or procedures for acceptance and continuance of client relationships and specific engagements.
- Adherence to legal and regulatory requirements through the firm's monitoring and remediation process.

A25. ISQM 1 requires the firm to establish ~~a~~ quality objectives dealing with the appropriateness of its judgments about whether to accept or continue a client relationship or engagement based on information...

A58A. When an engagement quality review is required in accordance with ISQM 1, ~~the engagement quality reviewer is required to notify the engagement partner when the engagement quality review is complete~~ the practitioner is required to not date the report until the completion of the engagement quality review.

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[ISRS 4410](#)

23. The engagement partner shall take overall responsibility for:
- (a) Managing and achieving quality on each compilation engagement to which that partner is assigned **and be sufficiently and appropriately involved throughout the engagement;** and

A10. ...For example, the engagement team may depend on the firm's system of quality management in relation to:

...

- Adherence to regulatory and legal requirement, through the **firm's** monitoring and remediation process.

A31. ISQM 1 requires the firm to establish **a quality objective** dealing with the appropriateness of its judgments about whether to accept or continue a client relationship or engagement based on information...

DTTL appreciates the opportunity to provide comments on the exposure draft and would be pleased to discuss this letter with you or your staff at your convenience. If you have any questions, please contact me via email (jkottkamp@deloitte.com) or at +1 212-436-4401.

Very truly yours,



Jeffrey M. Kottkamp
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Deloitte Touche Tohmatsu Limited

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